Hawaiian Electric Company, Inc. • PO Box 2750 • Honolulu, HI 96840-0001

Darcy L. Endo-Omoto
Vice President
Government & Community Affairs

August 13, 2009

FILED
2009 AUG 13 P 4: 19
PUBLIC UTILITIES COMMISSION

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, 1st Floor
Honolulu, Hawaii 96813

Subject: Docket No. 2008-0273
Feed-In Tariffs Investigation
Responses to Information Requests

Attached are Hawaiian Electric Company, Inc. ("HECO"), Hawaii Electric Light Company, Inc. ("HELCO"), and Maui Electric Company, Limited's ("MECO") (collectively, the "HECO Companies") responses to the information requests prepared by the Commission's consultant, the National Regulatory Research Institute, dated August 3, 2009.

Sincerely,

Attachments

cc: Service List

SERVICE LIST
(Docket No. 2008-0273)

CATHERINE P. AWAKUNI EXECUTIVE DIRECTOR DEPT OF COMMERCE & CONSUMER AFFAIRS DIVISION OF CONSUMER ADVOCACY P.O. Box 541 Honolulu, Hawaii 96809	2 Copies Via Hand Delivery
MARK J. BENNETT, ESQ. DEBORAH DAY EMERSON, ESQ. GREGG J. KINKLEY, ESQ. DEPARTMENT OF THE ATTORNEY GENERAL 425 Queen Street Honolulu, Hawaii 96813 Counsel for DBEDT	1 Copy E-mail
CARRIE K.S. OKINAGA, ESQ. GORDON D. NELSON, ESQ. DEPARTMENT OF THE CORPORATION COUNSEL CITY AND COUNTY OF HONOLULU 530 South King Street, Room 110 Honolulu, Hawaii 96813	1 Copy E-mail
LINCOLN S.T. ASHIDA, ESQ. WILLIAM V. BRILHANTE JR., ESQ. MICHAEL J. UDOVIC, ESQ. DEPARTMENT OF THE CORPORATION COUNSEL COUNTY OF HAWAII 101 Aupuni Street, Suite 325 Hilo, Hawaii 96720	1 Copy E-mail
MR. HENRY Q CURTIS MS. KAT BRADY LIFE OF THE LAND 76 North King Street, Suite 203 Honolulu, Hawaii 96817	1 Copy E-mail
MR. CARL FREEDMAN HAIKU DESIGN & ANALYSIS 4234 Hana Highway Haiku, Hawaii 96708	1 Copy E-mail

SERVICE LIST
(Docket No. 2008-0273)

MR. WARREN S. BOLLMEIER II PRESIDENT HAWAII RENEWABLE ENERGY ALLIANCE 46-040 Konane Place, #3816 Kaneohe, Hawaii 96744	1 Copy E-mail
DOUGLAS A. CODIGA, ESQ. SCHLACK ITO LOCKWOOD PIPER & ELKIND TOPA FINANCIAL CENTER 745 Fort Street, Suite 1500 Honolulu, Hawaii 96813 Counsel for BLUE PLANET FOUNDATION	1 Copy E-mail
MR. MARK DUDA PRESIDENT HAWAII SOLAR ENERGY ASSOCIATION P.O. Box 37070 Honolulu, Hawaii 96837	1 Copy E-mail
MR. RILEY SAITO THE SOLAR ALLIANCE 73-1294 Awakea Street Kailua-Kona, Hawaii 96740	1 Copy E-mail
JOEL K. MATSUNAGA HAWAII BIOENERGY, LLC 737 Bishop Street, Suite 1860 Pacific Guardian Center, Mauka Tower Honolulu, Hawaii 96813	1 Copy E-mail
KENT D. MORIHARA, ESQ. KRIS N. NAKAGAWA, ESQ. SANDRA L. WILHIDE, ESQ. MORIHARA LAU & FONG LLP 841 Bishop Street, Suite 400 Honolulu, Hawaii 96813 Counsel for HAWAII BIOENERGY, LLC Counsel for MAUI LAND & PINEAPPLE COMPANY, INC.	1 Copy E-mail

SERVICE LIST
(Docket No. 2008-0273)

MR. THEODORE E. ROBERTS SEMPRA GENERATION 101 Ash Street, HQ 12 San Diego, California 92101	1 Copy E-mail
MR. CLIFFORD SMITH MAUI LAND & PINEAPPLE COMPANY, INC. P.O. Box 187 Kahului, Hawaii 96733	1 Copy E-mail
MR. ERIK KVAM CHIEF EXECUTIVE OFFICER ZERO EMISSIONS LEASING LLC 2800 Woodlawn Drive, Suite 131 Honolulu, Hawaii 96822	1 Copy E-mail
JOHN N. REI SOPOGY INC. 2660 Waiwai Loop Honolulu, Hawaii 96819	1 Copy E-mail
GERALD A. SUMIDA, ESQ. TIM LUI-KWAN, ESQ. NATHAN C. SMITH, ESQ. CARLSMITH BALL LLP ASB Tower, Suite 2200 1001 Bishop Street Honolulu, Hawaii 96813 Counsel for HAWAII HOLDINGS, LLC, dba FIRST WIND HAWAII	1 Copy E-mail
MR. CHRIS MENTZEL CHIEF EXECUTIVE OFFICER CLEAN ENERGY MAUI LLC 619 Kupulau Drive Kihei, Hawaii 96753	1 Copy E-mail
MR. HARLAN Y. KIMURA, ESQ. CENTRAL PACIFIC PLAZA 220 South King Street, Suite 1660 Honolulu, Hawaii 96813 Counsel for TAWHIRI POWER LLC	1 Copy E-mail

SERVICE LIST
(Docket No. 2008-0273)

SANDRA-ANN Y.H. WONG, ESQ. ATTORNEY AT LAW, A LAW CORPORATION 1050 Bishop Street, #514 Honolulu, HI 96813 Counsel for ALEXANDER & BALDWIN, INC., Through its division, HAWAIIAN COMMERCIAL & SUGAR COMPANY	1 Copy E-mail

PUC-IR-1

During the course of the hearing and in submittals, certain parties described the difficulty in monetizing state tax credits. The Commission asks for a detailed explanation, citing the specific tax statutes of the tax credits that developers cannot often monetize. If the tax credits are useful for some projects, such as residential solar PV installations, but not others, please specify which projects the specific available tax credits are or are not frequently available for and why.

Response:

This information request is not applicable to the HECO Companies.

PUC-IR-2

The Commission is evaluating FiT rates that are non-levelized. Like levelized rates, such rates would provide projects recovery of their costs and a reasonable rate of return. Non-levelized rates would increase over time based on a predetermined discount or inflation rate. Pages 27 through 29 of Haiku Design and Development's opening brief describe and illustrate such an approach.

The Commission requests that the parties provide feedback on whether such rates, if they provide the same level of compensation (when adjusting for the time value of money) would be practicable for developers. In particular, could debt and equity financing structures accommodate rates that provide lower compensation early on and more compensation later, reducing early cash flow? Would doing so increase the overall required FiT compensation?

Response:

In the past, it has been HECO's experience that some developers have been able to finance projects with contract payments structured to be lower in the early years and higher in the later years. As just one example, a purchased power agreement currently being considered by the Commission provides for escalating payment rates. Additionally, each of the HECO Companies have existing contracts which provide for payments based on the utility's avoided energy costs. These agreements were presumably financed recognizing that payments may vary including the possibility that avoided energy costs would increase over time.

Whether or not an escalating payment structure would increase the overall required FIT compensation would depend on the developer's assessment of the appropriateness of the discount rate used to determine the payment stream compared to the developer's cost of money.

Although the utilities have purchase power agreements which provide for escalating payments as discussed above, it must be noted that the imposition of non-levelized rates, in conjunction with the other terms of the FIT program, could be a factor in any evaluation of the accounting impacts associated with such a program.